

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

ORIGINAL
United States Courts
Southern District of Texas
FILED

FEB 20 2004

Michael N. Milby, Clerk

BILLY RAY TRATREE
Plaintiff

v.

**B.P. (North America) Pipelines, Inc.,
Kelly Gleason, & Roy Bowden**
Defendants

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CIVIL ACTION NO. H-03-954

SUPPLEMENTAL PLAINTIFF'S PRELIMINARY EXPERT REPORT

TO THE HONORABLE JUDGE OF SAID COURT:

Plaintiff, Billy Ray Tratree, serves this supplemental preliminary expert report of Plaintiff's testifying witness, Dr. Dwight Steward. Plaintiff reserves the right to supplement this report. Also, Plaintiff reserves the right to supplement this document with additional preliminary expert reports.

Dr. Steward's preliminary expert report is attached.

Respectfully submitted,

Law Offices of Gary L. Bledsoe & Associates

By:

Gary L. Bledsoe w/permission

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Certificate of Service

I hereby certify that a true and correct copy of the attached document has this day been sent via facsimile and First Class U.S. mail to counsel for Defendants at the addresses listed below.

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February 17, 2004

Gary L. Bledsoe w/permission
Gary L. Bledsoe

Expert Report In the Matter of:

Civil Action No. H-03-954; *Billy Ray Tratree v. B.P.
Pipelines, Inc.*; In the United States District Court
for the Southern District of Texas Houston Division

Dwight Steward, Ph.D.
Steward Research Group, Inc
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February 17, 2004

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Personal Statement

I am Dwight Steward, a labor economist and principal of Steward Research Group, Inc. Steward Research Group, Inc. is a firm that provides economic and statistical research on employment matters to the legal, business and government communities. As an economist I have provided expert reports, deposition testimony and expert witness testimony on these matters in federal and state courts as well as to the Texas State legislature. In addition to serving as a consultant and expert witness, I have also held teaching positions in the Department of Economics and the Red McCombs School of Business at the University of Texas at Austin. My full curriculum vita, fee schedule, case and testimony listings and research list are attached to this report.

In this case, the Law Offices of Gary L. Bledsoe & Associates has retained me to provide an economic damage analysis of Mr. Billy Ray Tratree's losses. The results of this analysis are provided in this report. I respectfully reserve the right to make changes to this report and request supplemental documents as additional information becomes available and I have further time to review the documents provided to me. The case-related documents, treatises and other information considered by me in conducting my analysis and preparing this report are listed in Exhibit A and in the footnotes of this report.

Dwight Steward, Ph.D.

2/17/2004

Date

**Economic Damage Summary for Mr. Tratree****Table 1:** Economic damage summary based on returning to work at a position comparable to his previous employment

	Past	Future	Total
Lost Salary	\$138,256	\$20,630	\$158,886
Lost Benefits	*	*	*
Lost Retirement	**	**	**
			\$158,886

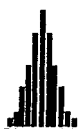
Table 2: Economic damage summary based on the average salary of a similarly situated individual

	Past	Future	Total
Lost Salary	\$138,256	\$259,428	\$397,684
Lost Benefits	*	*	*
Lost Retirement	**	**	**
			\$397,684

Notes

*: It is my understanding that Mr. Tratree currently does not have benefits provided by an employer. I will supplement this report if and when I receive sufficient information to calculate the economic value of these fringe benefits.

** : It is also likely that Mr. Tratree has incurred losses to his retirement benefits.



Scenario 1

Based on returning to work at a position comparable to his previous employment



Table 3: Lost salary based on returning to work at a position comparable to his previous employment

Year (1)	Age (2)	Pre-Incident Salary (3)	Post-Incident Salary (4)	Total Salary Loss (5)	Inflation Factor (6)	Adjusted Compensation (7)	Present Value Factor (8)	Economic Value (9)	Cumulative (10)
2001	50	\$65,627	\$67,012	-\$1,385	1.0000	-\$1,385	1.0000	-\$1,385	-\$1,385
2002	51	\$65,627	\$0	\$65,627	1.0000	\$65,627	1.0000	\$65,627	\$64,243
2003	52	\$65,627	\$0	\$65,627	1.0000	\$65,627	1.0000	\$65,627	\$129,870
2004	53	\$8,386	\$0	\$8,386	1.0000	\$8,386	1.0000	\$8,386	\$138,256

Year (1)	Age (2)	Pre-Incident Salary (3)	Post-Incident Salary (4)	Total Salary Loss (5)	Inflation Factor (6)	Adjusted Compensation (7)	Present Value Factor (8)	Economic Value (9)	Cumulative (10)
2004	53	\$21,581	\$0	\$21,581	1.0000	\$21,581	0.9559	\$20,630	\$20,630



Methodology used to calculate lost salary based on returning to work at a position comparable to his previous employment

* The numbers below refer to the columns in Tables 3

- (1) The year in which the economic loss occurred or is projected to occur. These losses continue until 17.1 weeks after February 17, 2004, the as-of date of this report. **Source:** U.S. Bureau of Labor Statistics, Current Population Survey, Table 31. Unemployed persons by selected demographic characteristics and duration of unemployment
- (2) Mr. Tratree's age at the end of the year shown in column (1)
- (3) Mr. Tratree's projected earnings stream based on pre-incident employment opportunities
The average salary Mr. Tratree earned from 1996 through 2000. **Source:** Social Security Statement for Billy Ray Tratree
- (4) Mr. Tratree's projected earnings stream based on returning to work at a position comparable to his previous employment
- (5) The total salary loss is the difference between Mr. Tratree's pre-incident and post-incident salaries
- (6) The inflation factor is a numerical adjustment for expected future inflation
Inflation source: U.S. Dept. of Labor, CPI for Urban Consumers 1953-2002
- (7) The inflation-adjusted compensation loss is derived by multiplying the total salary loss (5) by the inflation factor (6)
- (8) The interest rate discount factor is used to discount the projected losses to present value. An annual rate of 5.46% is used in the analysis
Interest source: Average 1-year U.S. T-bill rates from 1953-2002
- (9) The economic value of the yearly losses is the discounted, or present-day, value of the salary losses shown in column (5). This column is derived by multiplying column (7) and (8)
- (10) This column shows the year by year cumulative total of the plaintiff's economic damages



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Scenario 2

Based on the average salary of a similarly situated individual



Table 4: Lost salary based on the average salary of a similarly situated individual

Year (1)	Age (2)	Pre-Incident Salary (3)	Post-Incident Salary (4)	Total Salary Loss (5)	Inflation Factor (6)	Adjusted Compensation (7)	Present Value Factor (8)	Economic Value (9)	Cumulative (10)
2001	50	\$65,627	\$67,012	-\$1,385	1.0000	-\$1,385	1.0000	-\$1,385	-\$1,385
2002	51	\$65,627	\$0	\$65,627	1.0000	\$65,627	1.0000	\$65,627	\$64,243
2003	52	\$65,627	\$0	\$65,627	1.0000	\$65,627	1.0000	\$65,627	\$129,870
2004	53	\$8,386	\$0	\$8,386	1.0000	\$8,386	1.0000	\$8,386	\$138,256

Year (1)	Age (2)	Pre-Incident Salary (3)	Post-Incident Salary (4)	Total Salary Loss (5)	Inflation Factor (6)	Adjusted Compensation (7)	Present Value Factor (8)	Economic Value (9)	Cumulative (10)
2004	53	\$57,242	\$21,252	\$35,990	1.0000	\$35,990	0.9559	\$34,403	\$34,403
2005	54	\$65,627	\$39,111	\$26,516	1.0317	\$27,356	0.9078	\$24,833	\$59,236
2006	55	\$65,627	\$39,111	\$26,516	1.0643	\$28,222	0.8621	\$24,329	\$83,565
2007	56	\$65,627	\$39,111	\$26,516	1.0980	\$29,115	0.8186	\$23,835	\$107,400
2008	57	\$65,627	\$39,111	\$26,516	1.1328	\$30,037	0.7774	\$23,351	\$130,750
2009	58	\$65,627	\$39,111	\$26,516	1.1686	\$30,987	0.7383	\$22,876	\$153,627
2010	59	\$65,627	\$39,111	\$26,516	1.2056	\$31,968	0.7011	\$22,412	\$176,039
2011	60	\$65,627	\$39,111	\$26,516	1.2438	\$32,980	0.6658	\$21,957	\$197,995
2012	61	\$65,627	\$39,111	\$26,516	1.2831	\$34,024	0.6322	\$21,511	\$219,506
2013	62	\$65,627	\$39,111	\$26,516	1.3238	\$35,101	0.6004	\$21,074	\$240,581
2014	63	\$59,910	\$35,704	\$24,206	1.3657	\$33,058	0.5701	\$18,848	\$259,428



Methodology used to calculate lost salary based on the average salary of a similarly situated individual

* The numbers below refer to the columns in Tables 4

- (1) The year in which the economic loss occurred or is projected to occur. These losses continue until Mr. Tratree's projected retirement age of 62.9.

Mortality age source: Vital Statistics of the United States, Center for Disease Control and Prevention, 1998

Retirement age source: Daniel L. Millimet, Michael Nieswiadomy, Hang Ryu, and Daniel Slottje, "Estimating Worklife Expectancy: An Econometric Approach", Journal of Econometrics, 2003

- (2) Mr. Tratree's age at the end of the year shown in column (1)

- (3) Mr. Tratree's projected earnings stream based on pre-incident employment opportunities

The average salary Mr. Tratree earned from 1996 through 2000. **Source:** Social Security Statement for Billy Ray Tratree

- (4) Mr. Tratree's projected earnings stream based on the average salary of a similarly situated individual

Future salary projections are based on the average income for an individual with similar experience and education as the plaintiff. **Source:** U.S. Bureau of Labor Statistics, March CPS Supplement, 2003.

- (5) The total salary loss is the difference between Mr. Tratree's pre-incident and post-incident salaries

- (6) The inflation factor is a numerical adjustment for expected future inflation

Inflation source: U.S. Dept. of Labor, CPI for Urban Consumers 1953-2002

- (7) The inflation-adjusted compensation loss is derived by multiplying the total salary loss (5) by the inflation factor (6)

- (8) The interest rate discount factor is used to discount the projected losses to present value. An annual rate of 5.46% is used in the analysis

Interest source: Average 1-year U.S. T-bill rates from 1953-2002

- (9) The economic value of the yearly losses is the discounted, or present-day, value of the salary losses show in column (5). This column is derived by multiplying column (7) and (8)

- (10) This column shows the year by year cumulative total of the plaintiff's economic damages

**Exhibit A: Case-related Documents, Treatises and Other Information Relied Upon**

Doc Num	Type of Document	Description
1	Court Document	Plaintiff's First Amended Complaint
2	Document	1040 for Billy Ray Tratree, 2000
3	Document	W-2 from Amoco Pipeline Company, 2000
4	Document	1040 for Billy Ray Tratree, 2001
5	Document	W-2 from BP Pipelines Inc., 2001
6	Document	Letter from Mr. Muse containing information regarding the case, February 11, 2004
7	Document	Social Security Statement for Billy Ray Tratree, December 31, 2001
8	Document	Retirement Plan Benefit Estimate, Amoco Corporation
9	Document	Variable Incentive Plan, Amoco
10	Document	Savings & Retirement Statement, quarterly statements, BP, 09/2001, 01/2002
11	Document	Group Universal Life Report, for the period of October 1, 2000 through September 30, 2001
12	Document	U.S. Dept. of Labor, CPI for Urban Consumers 1953-2002
13	Document	Average 1-year U.S. T-bill rates from 1953-2002
14	Document	Vital Statistics of the United States, Center for Disease Control and Prevention, 1998
15	Document	Daniel L. Millimet, Michael Nieswiadomy, Hang Ryu, and Daniel Slottje, "Estimating Worklife Expectancy: An Econometric Approach," Journal of Econometrics, 2003